

THE CITY OF WICHITA



OFFICE OF THE CITY MANAGER

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The Honorable Mayor and
Members of the City Council
City of Wichita
Wichita, Kansas

Dear Mayor and Council Members:

It is a truism in budgeting that demands for funding of programs/services will far exceed the capacity of financial resources to satisfy those demands. Budgeting, then, means making tough policy choices in establishing program/service priorities and striking the always delicate balance between the community's need for public services and the reasonable ability and willingness of a community to pay taxes to finance those services.

The annual City Council deliberations on the operating and capital budgets presents the Council with important opportunities to implement a vision and direction for the future. The impact of these budgets in terms of public services and capital project construction are key elements in the quality of life and economic vitality of the community.

Preparation of the 1994/95 BUDGET has been a difficult challenge. Recommendations on program/service enhancements have been severely tempered by the continuing recessionary pressures that have pushed the City's normal revenue growth downward at a time of increasing need for public safety and other services. Cost savings from economies/efficiencies in governmental operations are becoming more difficult to identify. More than ever before, the Council was compelled to face the need to prioritize municipal services in terms of allocation of very limited financial resources.

BUDGET OVERVIEW AND MAJOR POLICY ISSUES

The annual budget is a policy document for the City Council — the point when the governing body is asked to approve a level of public programs and services as well as the revenue and taxing policies to support those services for the coming year. To the extent staff was able to do so, the newly articulated goals of the City Council (public safety, economic development, revitalization and preservation, quality of life and environmental awareness) were used as guiding points in the development of the budget. The Staff sought to highlight a number of policy issues which could not be resolved without further policy guidance of the City Council.

In an environment of diminished resources, the 1994/95 Budget will finance basic and ongoing municipal services while also accommodating the following new costs:



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- A \$1 million "Neighborhood Policing" initiative.
- Fire services expansion with the addition of 11 Fire personnel and equipment.
- In conjunction with the School District, initiation of a middle school intramural pilot program.
- Funding of Federal/State mandated cost increases.
- New environmental initiatives on recycling of woodwaste and composting.
- Increases in funding and support for the domestic violence program
- Funding for increased maintenance expenses on major roadways.
- A \$1.5 million employee pay adjustment package for 1994.
- Funds for employee merit increases.

Because budget revenues were insufficient, many initiatives to address important community goals and service needs could not be funded in the budget without new resources or substantial tax increases, including:

- Increases in Police staffing levels to the extent necessary to fully address the Council's goal of making Wichita the safest major city of its size in the country.
- Increases in Fire services sufficient to staff the addition of one or two Fire stations.
- Increased funding necessary to bring street maintenance to a level which ensures that the street system is not deteriorating faster than it is being repaired.
- Increased funding to upgrade street lighting to national standards.
- Expansion of recreational programs and youth services
- Funding for the prospective decline in Federal support of mass transit.
- Continuation of Human Services discretionary funding for emergency assistance needs.
- Funding of new initiatives for neighborhood preservation and quality of life services.

During the course of the City Council's deliberations on the 1994/95 Budget, a wide variety of revenue and expenditure options -- large and small, enhancements and reductions -- were offered for consideration. The basic budget policy issues presented to the City Council are summarized below:

REVENUE OPTIONS

- [1] General Fund Property Tax -- The City has a margin under the property tax lid to increase funding for critical services.
- [2] Sales Tax -- As an alternative to higher property taxes, the City Council decided to place a ¼¢ sales tax before the voters. By mail ballot in October 1993, the voters determined to reject the sales tax option.
- [3] Court Fines/Penalties -- Reasonable cost recovery of services is a legitimate goal. Increases in court costs and fines/penalties were approved (with the receipts targeted to offset the increasing costs of the criminal justice services).
- [4] General Fund Reserves -- The General Fund reserve was approved at approximately 6% of expenses. This is considered a minimal level.
- [5] General Debt Fund Levy -- The City Council reaffirmed the incremental restoration of funding (by an increase of .6 mills) for the Debt Service Fund to address future capital project financing needs. It will be necessary to continue to monitor and possibly increase the tax support required for this fund through 1995 and 1996.

EXPENDITURE OPTIONS

- [1] Public Safety -- The City Council targeted public safety, particularly police and related costs, as the highest priority community goal (to be phased-in over several years).
- [2] Street Maintenance -- Public Works major maintenance projects will be enhanced through a \$1 million increase in street/bridge maintenance.
- [3] Program/Service Reductions -- To fund (higher) priority services, the Council approved \$404,060 of various program/service reductions. In addition, Emergency Communications was transferred to Sedgwick County. The Reforestation effort is now supported by the Landfill Fund.

LOCAL ECONOMY

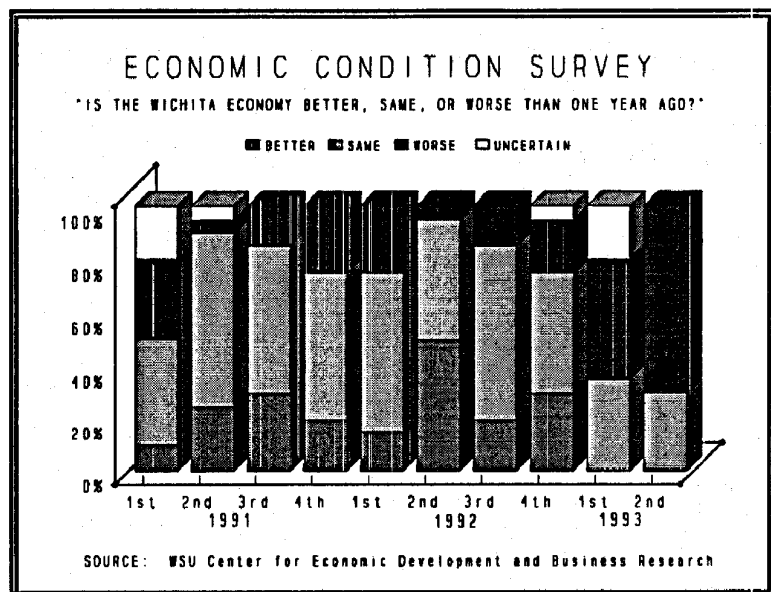
The continuing economic distress is challenging private and public organizations alike to do more than make temporary adjustments, but to recognize a new economic reality. Greater competitiveness and permanent changes (cost reductions) from past business practices are necessary. The outcome is likely to be a fundamental realignment in our economic picture.

Wichita has not been spared from the effects of the national recession (as noted in the chart at right depicting the responses of area business leaders). In fact, the prediction of a delayed reaction to national economic trends has appeared to be confirmed. As the national economy is (slowly) improving, the local economy is showing greater distress.

It is not simply a matter of taking the adverse impacts at Boeing and other employers and directly applying that impact to the local economy. Recent reports indicate that job losses in manufacturing

are being partially offset by growth in other areas. Losses in payroll are also offset (again partially) by unemployment compensation income. Local economic studies also point to "structural changes" within the economy as an underlying element in the decline in employment. This suggests that the local economy will likely recover, in part, through permanent downsizing.

For the City budget, and the revenue stream upon which it relies, there should be no expectation of a return to "business as usual." If the private sector is undertaking efforts to permanently streamline operations/costs to remain competitive, it stands to reason that the City will experience this in its tax revenues. Although Wichita continues to fare better than many other cities over the last two years, normal revenue growth has been significantly dampened.



1993 REVISED BUDGET

The Budget includes revised estimates of current year (1993) revenues and expenditures. The procedure of revising the budget is an important element of financial management, designed to provide an updated estimate of revenue and expenditure trends in the current year and to improve budget development for the next year.

The table (below) compares the "Adopted" and "Revised" 1993 General Fund revenues/expenditures.

<u>1993 GENERAL FUND</u>		
	<u>Adopted</u>	<u>Revised</u>
Revenues	\$111,566,520	\$110,269,960
Expenditures	111,566,520	111,377,390
Over/(Under)	0	(\$1,107,430)

On balance, the 1993 General Fund forecasts diminished revenues (primarily due to the recession) without sufficient offsetting expenditure reductions resulting in a projected year-end deficit and (significant) drawdown on cash reserves. This will represent the third consecutive year that annual revenues have not offset annual expenditures, a trend that cannot be sustained in the future.

The revised 1993 Debt Service Fund has increased due to the assumption of debt service on bonds issued to support freeway (Kellogg and K-96) construction. This expense is totally supported from sales tax receipts dedicated for roadway purposes.

1994 ANNUAL BUDGET

The 1994 Budget totals \$228,330,900, a 2.2% increase over the revised 1993 Budget of \$223,520,900. Both years are exclusive of sales tax cash expenditures for capital improvements, internal services, enterprise construction, and interfund transfers to eliminate double counting of expenditures and co-mingling of operating and capital expenses. The differences are primarily the result of public safety (primarily Police) enhancements, increases in employee benefits, and debt service expenses.

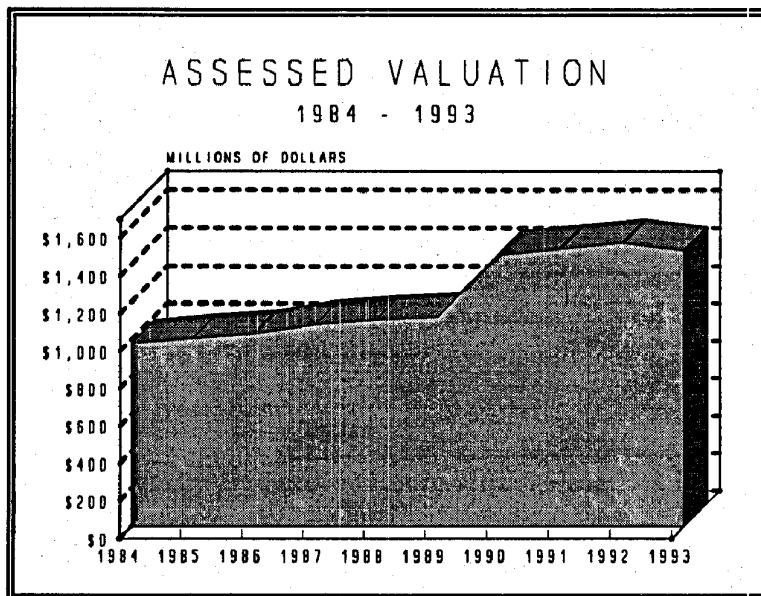
The Budget is balanced -- operating expenditures are within operating revenues in keeping with City fiscal policies/practices. In all funds, total expenditures are equal to available resources as required by State law.

Total General Fund expenditures in 1994 are \$113,292,680, a 1.7% increase over the revised 1993 General Fund of \$111,377,390 (this excludes the appropriated reserve for 1993 and 1994 to provide the most direct comparison of anticipated operating expenditures). The increase is attributable primarily to funding for public safety enhancements (a Community Policing project and increased Fire personnel). With the additional cost for the public safety enhancements, the

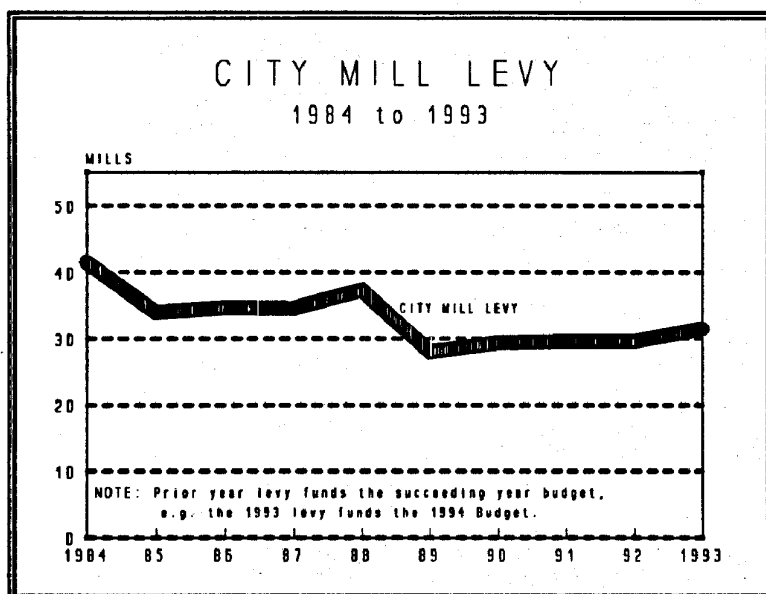
percentage increase in General Fund expenditures from 1993 to 1994 still is about the current rate of inflation.

PROPERTY TAX MILL LEVY

Assessed valuation is the measure of property values in the City for taxation purposes. The County has provided a preliminary assessed valuation of \$1,489,297,534, which includes reductions in assessed value on the tax rolls resulting from the November 1992 reclassification referendum and a small growth of 2% in the addition of new property on the tax rolls in the past year. The City's rate of growth in assessed value has declined from earlier norms of 3% annually to near 2% for each of the last three years (since the implementation of the new property reappraisal/reclassification system). Final assessed values are set by the County in September of each year after City's budget development and adoption is completed.



The levy required to finance the 1994 Budget is 31.5 mills, compared with 29.6 mills for the 1993 Budget. The cost of the public safety enhancements approved for 1993 directly accounts for most of the need to increase the mill levy (the public safety enhancements in the General Fund were temporarily offset by a reduction in the General Debt Fund tax levy).



The adopted tax levy represents the first increase in the overall City tax rate since 1989 (a 1991 adjustment was related to the implementation of reappraisal) when the City sought a moderate tax increase to fund increased public safety and street maintenance. Through efficiency, productivity, and revenue diversification, the City has sought to reduce reliance on the property tax. As an example of the City's longstanding commitment to holding the line on property taxes, the City continues to have a lower tax levy than ten years ago.

On a comparative basis with the 23 other first class cities in Kansas, Wichita's 29.6 mill levy remains well below the 41.4 mill average. This average is based on 1993 levy information, and the average may go higher as other cities also adjust their levies for 1994.

The City actually appropriates two separate property tax levies: the General Fund (operating expenses) and the Debt Service Fund (to support the Capital Improvement Program). The City mill levies are allocated as outlined in the table below.

A four-year trend is shown (1992 through 1995) to demonstrate the changes in the two City tax levies.

<u>CITY TAX LEVY FUNDS</u>				
	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>
General Fund	19.5	22.0	23.0	23.0
General Debt & Interest Fund	10.1	7.6	8.5	10.4
Total Tax Levy (mills)	<u>29.6</u>	<u>29.6</u>	<u>31.5</u>	<u>33.4</u>

For the 1993 Budget, a General Fund tax levy increase of 2.5 mills was authorized to support public safety enhancements (primarily in Police). This was to be temporarily offset by a reduction in the Debt Service Fund tax levy which was to be restored on a phased basis in the 1994 and 1995 Budgets. The other change in the tax levy (1.2 mills in the General Fund and .5 mill in the Debt Service Fund) is attributable to the tax shift approved as part of the November 1992 reclassification referendum which provided tax relief (primarily) to commercial property.

In line with tax collections (post-reappraisal), the delinquency rate is maintained at 7% (higher than the City's historical 5% tax delinquency rate pre-reappraisal). This trend may abate in future years after the effects of reappraisal are fully absorbed.

STATE PROPERTY TAX AND DEBT LID LAWS

The State has imposed a restriction on local governments: "aggregate" property tax revenues cannot exceed those raised in the (1989) base year for funds and purposes subject to the tax lid law (General Fund). The City remains below these statutory limits; the 1994 City Budget remains \$3,520,000, or 2.4 mills below the operating budget lid. The tax lid can only be waived by charter ordinance (requiring at least five members of the City Council voting in the affirmative and subject to the potential of a protest referendum).

The tax lid does not apply to the Debt Service Fund which is subject to a separate State limit on outstanding indebtedness. The City's general obligation debt subject to the debt lid is approximately \$149 million, or 36% of debt lid capacity.

1994 ANNUAL BUDGET REVENUES/EXPENDITURES

REVENUES: Budget revenues for 1994 of \$237,730,970, compared to 1993 (revised) revenues of \$231,630,370, are derived from the sources shown on the graph (next page). To the extent possible, the 1994 Budget continues to identify new revenue sources to maintain and enhance

public services while mitigating some of the demands on property taxes.

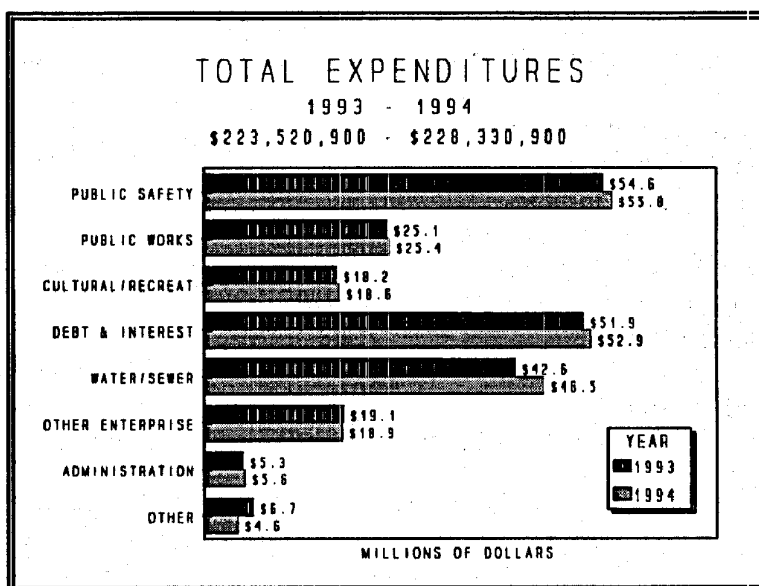
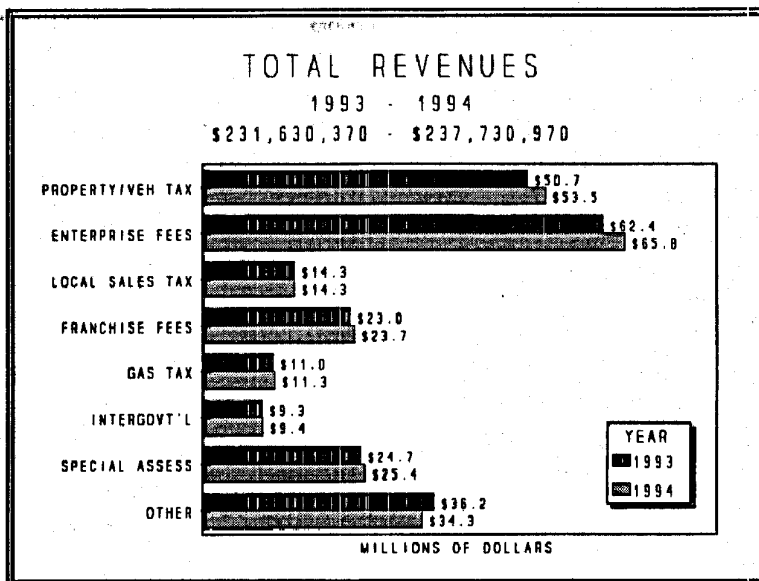
Included in the budget are increased user fees to more equitably place the burden of paying for service on those using and benefiting from the service. Some of the increases include court fees (for cost recovery), a 10% landfill tipping fee increase, a 5¢ per ride bus fare increase, and increases in Century II/Expo Hall rental fees. The Water and Sewer utility makes a \$400,000 payment to offset the cost of providing public safety services to the facilities and assets of the utility. Annual rate increases for water (6%) and sewer (5%) are also anticipated for 1994 and 1995. A golf course green fee increase of 50¢ per round will offset operating expense increases (additional increases would be required to fund new capital projects at the courses).

As the City continues to grow and experience greater demands for services, the stress on City finances will increase. Efforts to reduce costs, and to make services more efficient and responsive will continue. To meet the many desires of adding to and improving our community services/facilities, however, future consideration should be given to new revenue sources. Possible prospects would include: a city sales tax to support public safety; a wheel tax to support street maintenance; or a food/beverage tax to support cultural/recreational facilities or other activities that make Wichita a quality city.

EXPENDITURES: The 1994 expenditure total of \$228,330,900 compares to 1993 (revised) expenditures of \$223,520,900. The chart (at right) summarizes expenditures by program/service groups. Public safety represents the single largest expenditure of funds.

Debt service, the payment of principal and interest on all outstanding indebtedness of the City and cash for capital projects in-lieu-of-bonding, is the second largest expense item.

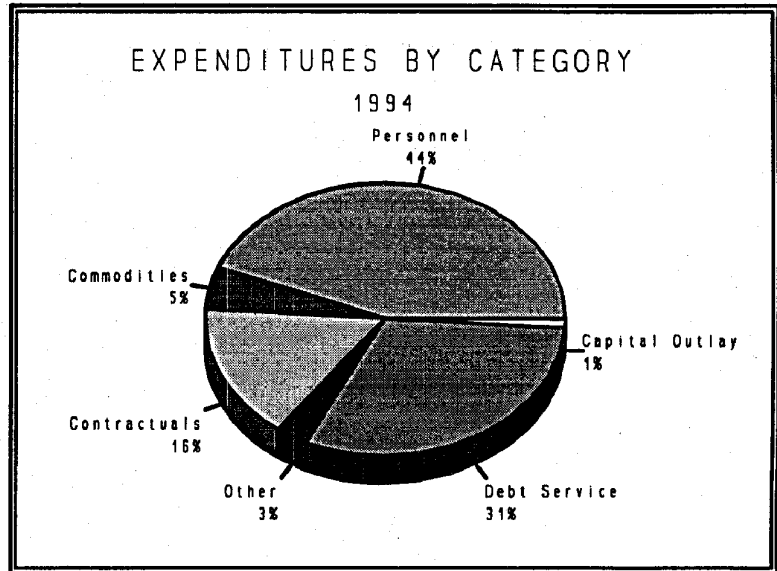
The second chart (next page) shows another view of the City's budget, expenditures by category.



Personnel costs represent the largest single expense item, accounting for more than 44% of the total budget (71% of the General Fund). Gross wages and benefits for 1994 reflect increases for employee general and merit pay adjustments as well and increases in employee benefit costs.

A significant portion of the contractual expenses represents the City's efforts to contract-out work to the private sector.

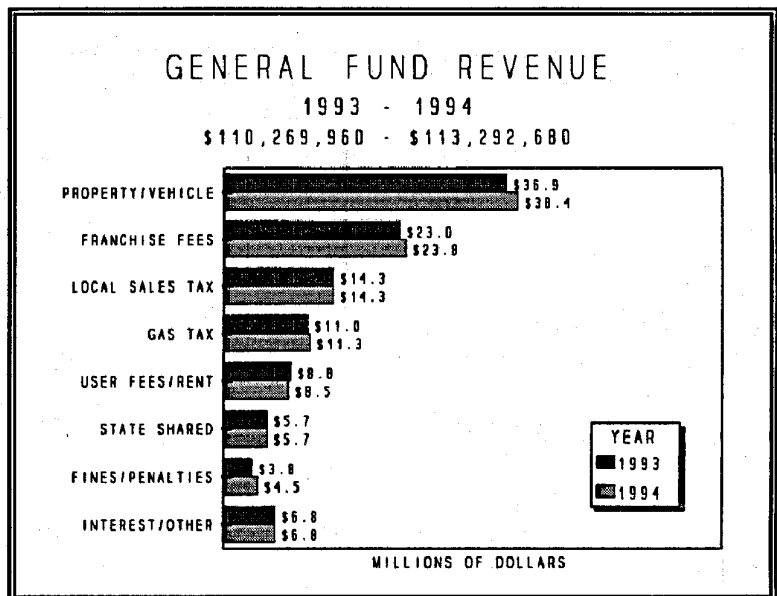
Discretionary spending in areas such as commodities and capital outlay represents a relatively small portion of the budget.



1994 GENERAL FUND BUDGET

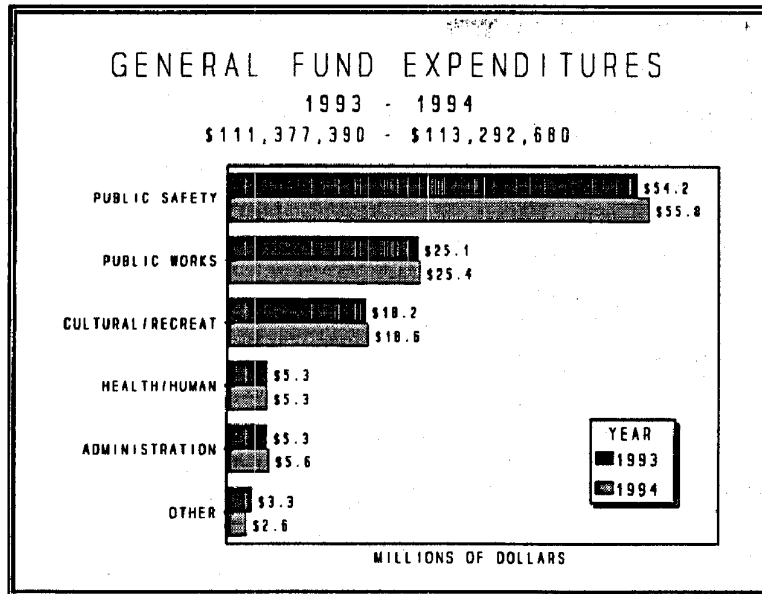
The General Fund is the principal operating budget supporting basic municipal programs/services. It is one of two funds directly supported by the property tax.

The total 1994 revenues for the General Fund are projected at \$113,292,680. This amount compares with the 1993 (revised) budget of \$110,269,960. A graphic summary of General Fund revenues is shown (at right). The (ad valorem) property tax represents only 29% of total General Fund revenues.



The diversity of the General Fund revenue base also makes it more sensitive to fluctuations in the local economy. This was very apparent over the last several years as projected revenue growth declined (due primarily to the recession) at a time when the General Fund was experiencing higher than normal expenditure pressures.

The General Fund is balanced (estimated annual operating expenditures are equal to estimated revenues). Public safety represents nearly half of all expenditures. A reduction in estimated revenues would require a corresponding reduction in planned expenditures to maintain a balanced budget. Conversely, increased spending would require identification of higher revenues or reductions in other offsetting (non-essential) services.



Adopted General Fund expenditures are \$113,292,680, compared with 1993 (revised) expenses of \$111,377,390. The increase in expenses is due to the program of public safety enhancements, mandated cost increases, and employee benefit increases.

In order to overcome the adverse impact of the recession and permit the maximum resources to be directed to public safety, nearly every department was asked to make expenditure cuts. These reductions included staff positions, consolidation of services/activities, reductions in various commodity

and capital outlay expenses, and some public service level reductions. In large part, departments were required to absorb inflationary and other cost increases through cost efficiencies.

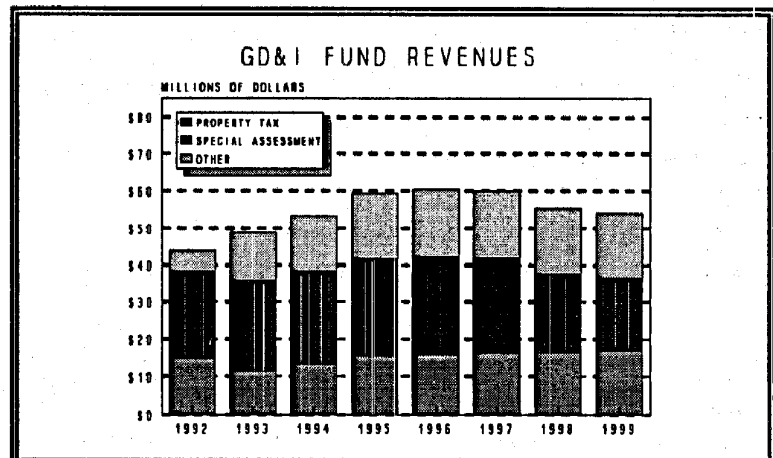
MAJOR GENERAL FUND EXPENDITURE INCREASES

-- Community Policing Project	\$1,000,000
-- Additional Fire Personnel	200,000

The General Fund also includes a contingency fund (\$300,000) for expenditures not known nor anticipated at the time of budget preparation. If this amount is exceeded during the fiscal year, the additional cost must be absorbed from planned reserves. The year-end 1993 General Fund cash/balance is estimated at \$7,021,825, or approximately 6%. State law permits maintenance of a total 15% reserve (5% unappropriated reserve and 10% appropriated reserve).

DEBT SERVICE FUND

Based on capital projects planned in the 1993-2002 CIP, the City is in a favorable position to meet its debt financing needs. Property tax support for the Debt Service Fund was reduced from 10.1 mills in 1992 to 7.6 mills for 1993 with the intention that the levy would be increased to 8.8 mills for 1994 and 10.1 mills for 1995. The tax shift occasioned by the November, 1992 reclassification referendum will add .3 mills to these amounts for a total mill levy of 10.4 mills. Special



assessment-funded projects in new developments continue to be the largest component of the City's GO debt picture.

GILBERT & MOSLEY TAX INCREMENT FUND

The tax increment district was established to be a secondary financial method to fund the remediation of groundwater contamination in the Gilbert & Mosley area. Those remediation costs not attributable, nor billable, to potentially responsible private parties are to be covered by the tax increment. Financial projections of costs and private/public cost sharing are based on earlier preliminary studies. The projected tax increment for 1994 is \$500,000. Following approval by the State of the City's RI/FS and remediation action plan, the projected costs will likely change.

WATER/SEWER FUND

Financial projections on the Water/Sewer utilities are based on new master utility plans and rate projections recently reviewed by the Council. A refinancing of outstanding water/sewer debt (taking advantage of lower interest rates) will moderate future rate increases in the amount of 1.4% in water and 4% in sewer. For 1994 and 1995, annual rate increases are projected to be 6% in water and 5% in sewer.

LANDFILL FUND

The funding of the City's Reforestation program was transferred from the General Fund to the Landfill Fund for 1994. Additionally, funds will be transferred into the Waste Management Trust Fund (\$325,160 in 1994 and \$350,000 in 1995) which will provide funding for any environmental initiatives approved by the City Council to address solid waste management/resource recovery.

METROPOLITAN TRANSIT FUND

The City continues to be faced with the prospect of increasing local tax subsidies for the transit system. Operating revenues (farebox) are projected to grow by 2% in 1994, even with a 5¢ fare increase (from 85¢ to 90¢). Federal grant support of mass transit will decline beginning in 1995. This may leave local tax subsidies as the only source to absorb transit costs. Absent alternative revenue sources to offset the loss of federal funds, the local tax subsidy is anticipated to grow from \$2.2 million (40% of revenues) in 1994 to \$3.4 million (56% of revenues) by 1997.

PENSION FUNDS

The City's two retirement funds continue to perform well. The Wichita Employees' Retirement Fund has been rated among the best public retirement funds in the nation with a decline in outstanding unfunded liability. For 1994, the City rate of contribution will drop from 10% to 9.5% of payroll. The Police & Fire Retirement Fund will experience an increase in the City rate of contribution from 22.9% to 23.3% of payroll.

SELF-INSURANCE FUND

The Self-Insurance Fund has four separate accounts for health insurance, life insurance, worker's compensation, and general liability. Of particular note among these funds is the continuing escalation of medical insurance premiums and costs. These costs impact both the health and workers' compensation funds.

PROJECTED BUDGET FOR 1995

The Approved 1995 Budget is \$239,854,700 in expenditures. In the General Fund portion of the 1995 Budget, expenditures are estimated at \$115,413,560. Estimated expenditures include funding the 1994 program/service levels, as well as funding of anticipated medical insurance premium increases and additional funding for public safety enhancements. No major new or expanded programs/services are being proposed. However, certain actions by the City Council may necessitate additional revisions in this future budget.

The 1995 Budget uses the projected 1994 mill levy rate (plus the increase to fully restore the property tax funding of the Debt Service Fund) as the basis for projection. Water (6%) and Sewer (5%) rate increases, pursuant to the utility rate study, are also anticipated.

CASH RESERVES

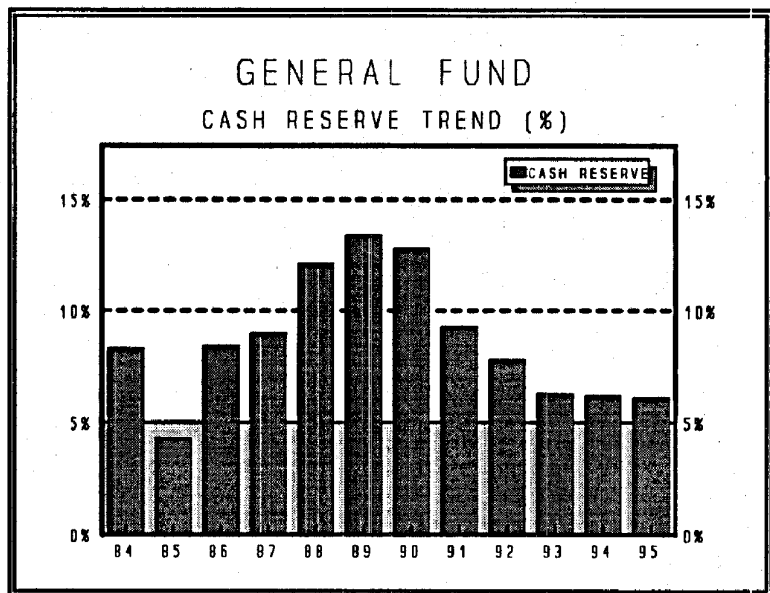
Throughout the budget development process, staff was cognizant of the need to project realistic cost estimates and revenue forecasts for future years to ensure financial stability and prevent operating deficits. The 1994 General Fund is projected to have a \$7 million cash balance/reserve, or approximately 6% of revenues. The importance of maintaining reserves is to properly manage adverse revenue/expenditure changes during the year and to ensure an adequate carryover operating fund balance to avoid sharp increases in the City's mill levy in the future, or cut-back management practices.

Projected cash reserves within a 5-10% range should be maintained during the two-year (1994/95) budget period. Given the diversity of the City's revenue base, the General Fund reserve (ideally) should be maintained closer to the high end of the range. [Other funds maintain separate reserves at levels based on the fiscal circumstances of each fund.]

The need for a cash reserve was apparent over the past three years (1991-93). The City was able to fund one-time expenses, absorb the impact of lower revenues due to the recession, and pay expenses associated with public safety, protests, and severe weather without indiscriminately reducing support for important municipal services.

Reserves have reached the point where financial flexibility will be severely curtailed unless the downward trend is reversed. Cash reserves have dropped from more than 12% to only slightly above the minimum threshold in just three years.

As a point of reference the chart (above) depicts a 12 year actual/projected trend in reserves. The last time that cash reserves dropped below 5% (1985) occasioned a financial situation necessitating severe program/service reductions.



CAPITAL IMPROVEMENT PROGRAM

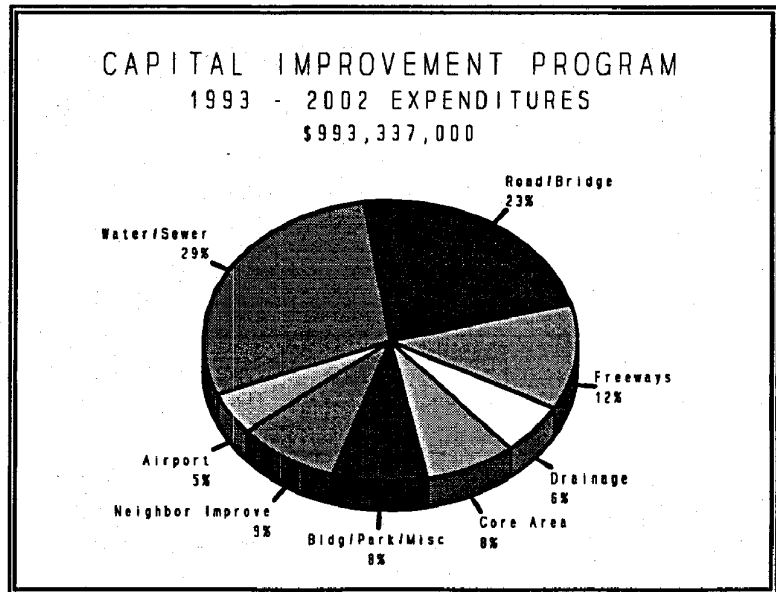
A new 1994-2003 *Capital Improvement Program* (CIP) is nearing completion. The preparation of the capital budget is following established CIP guidelines adopted by the City Council in tax levy support and bond financing terms (either 10- or 15- year debt maturities) for general obligation debt. The CIP is also being developed recognizing several revenue changes by incorporating increased Federal revenues for the arterial roadway program, reduced property tax revenues (during 1993 and 1994), and the elimination of special assessment revenues on arterial projects. Overall, the combined impacts of these revenue adjustments are offsetting.

The chart (at right) outlines the capital project expenses by category as shown in the current CIP.

Based on the earlier projections, the ten-year program is estimated to cost approximately \$1 billion. This number is subject to revision as the new CIP is developed and as the specific project schedules and financing projections come closer to realization.

Property taxes account for approximately 12% of the ten-year program costs. In addition to (mill levy supported) bonding, revenues

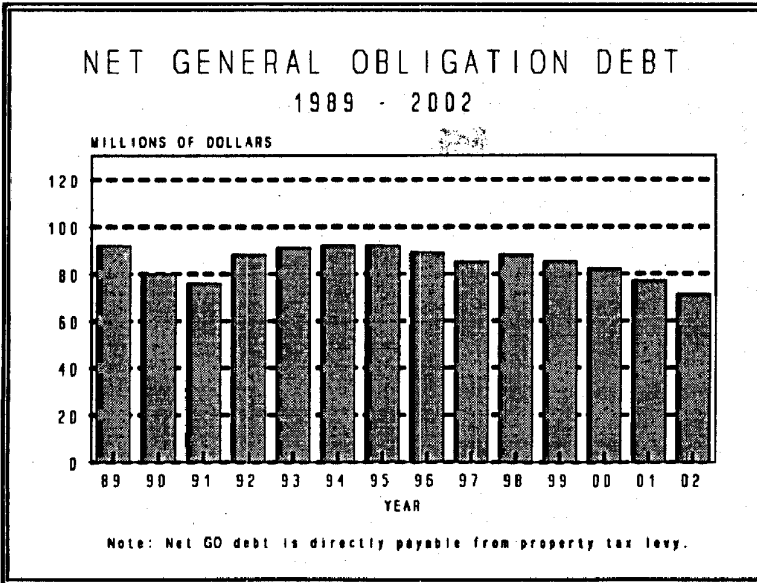
to support this program will be principally derived from sales tax, special assessments, utility income, and Federal/State assistance.



The CIP financing program assumes that annual contributions of \$4 million from local sales tax receipts will continue to be allocated by the City Council to the arterial road/bridge improvement component of the CIP to enhance traffic flow throughout the City. Should the sales tax allocation be reduced, projected programs will be modified.

Federal/State allocation of highway funds has now been determined. Earlier CIP estimates projected up to \$135 million in Federal/State funding; projects within the City received approximately \$70 million. A continuing review of the local financing options of freeway construction costs is underway. It is apparent, however, that local resources are insufficient to complete construction of the entire US-54/Kellogg freeway corridor as originally shown in earlier CIP documents. Financing plans approved by the City Council provide for construction on Kellogg to be completed from the west into the downtown and east through Oliver. Engineering and (limited) right-of-way funding was also authorized for the Woodlawn and Rock Road interchange projects.

General obligation debt outstanding, excluding special assessment and revenue bond supported, is scheduled to decrease during the program period. This reduction is from a projected \$92.2 million indebtedness (\$314/capita) in 1989 to \$53.7 million (\$173/per capita) in 2006. The chart



(at left) shows the projected level of bonded indebtedness (including the impact of new debt to be issued during the period).

The CIP provides for the option to reduce the issuance of general obligation bonds for annually recurring capital projects beginning in 1998. At that time, the City can utilize savings in debt service to begin financing capital projects on a "pay-as-you-go" basis, or utilize the future debt capacity to fund increased bond issuance.

Detailed information on the Capital Improvement Program is available

in the proposed 1994-2003 CIP document, and will be updated as the adopted 1994-2003 CIP is published in the near future.

BUDGET DEVELOPMENT AND ADMINISTRATION

The preparation of the 1994/95 Budget is the product of a team approach. Each department was first asked to submit a "base budget" which sought to hold the line on all expenditure increases except for demonstrable and mandatory increases. Program/service enhancements were also considered upon a demonstration of meeting important community needs. A Budget Review Cabinet, comprised of management representatives from various departments, was used to work with Finance staff and the City Manager's Office in evaluating departmental requests and recommending service level revisions. Important elements of the budget development guidelines were the relationship of proposed expenditures to Council goals, and identification of opportunities for consolidation, privatization, and economies/efficiencies.

The budget establishes appropriation levels. It is normal for "actual" expenditures to be below "budgeted" expenditures by year-end because of prioritizing and expenditure controls. Organizations often anticipate a level of such expenditure savings in their budgets. An expenditure savings estimate is included in the budget at a 1% level and is divided among all departments so that every department accepts the accountability for budget management.

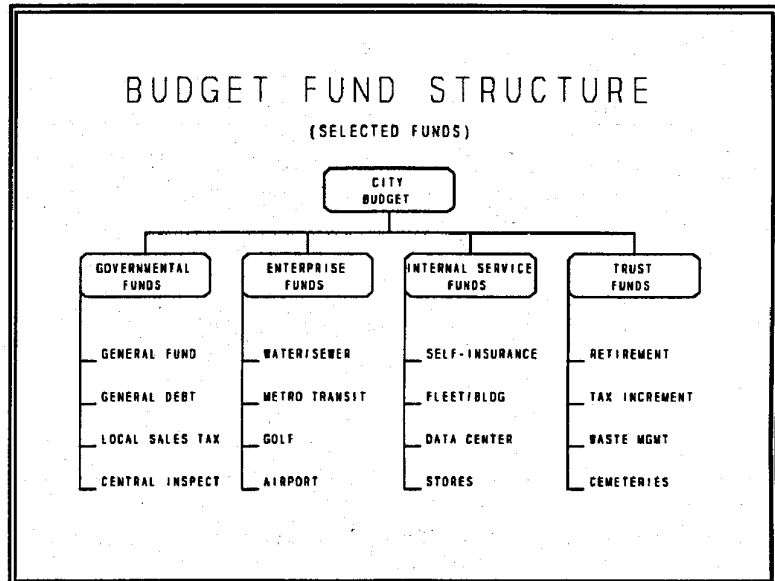
BUDGET FORMAT

The hallmark of City Staff efforts to revise the budget format has been the emphasis on multi-year financial planning. Prior to development of the budget process, a six-year budget projection is submitted as the *Financial Plan*. Encompassed within the *Financial Plan* are forecasts of revenues and expenditures. Staff has sought the assistance of Wichita State University faculty to refine these forecasts, so that they are specific, detailed and based on empirical research.

It is also important to recognize that public finance involves "fund" budgeting. The Budget for the City is not singular, but is made up of more than two dozen separate budgets (or funds). Each

of these budgets (funds) serves a specific purpose for which the funds are appropriated, and the transfer of monies among funds is limited to specific intent.

The chart (at right) provides a graphic representation of the fund structure of the City Budget. Although it is not possible to entirely eliminate the governmental fund structure, efforts have led to a consolidation of funds (e.g., more than a dozen property tax-supported funds have now been consolidated into the General Fund and General Debt & Interest Fund). This fund consolidation emphasizes a goal of improved cost accounting (and cost recovery where appropriate) for each program, and permits the City Council the greatest degree of financial flexibility in policy making.



The 1994/95 Budget has also been developed so that fund/account descriptions and budget amounts correspond to the *Comprehensive Annual Financial Report* (CAFR). This format permits more direct comparison of budget allocations and expenditures, consistent with governmental accounting standards. Finally, the City maintains a detailed monthly reporting on total budget revenues/expenses (including a quarterly projection of budget status to year end) to keep the City Council apprised on the condition of the budget.

IMPROVING AND ECONOMIZING OPERATIONS

The budget continues to focus on ways to reduce costs and do more with less. For 1994, departments were particularly asked to absorb all but a few inflationary costs in contractual, commodities, and capital outlay accounts through the "base budget" directive.

New and innovative management techniques must be developed and skillfully applied if the City is to continue to provide responsive municipal programs/services at a reasonable cost to the public. Several departments have identified ways and means to secure additional revenue to offset new expenses. Others have applied to the "Savings Incentive Program," which was established in 1990 to "lend" money to departments that can implement cost efficiencies and recover start-up expenses from the savings in annual operating expenses.

Increased efficiency through modification in the organizational structure of City government, purchase of labor-saving equipment and implementation of new, and less costly, methods to provide services are ways in which the City can substantially reduce or stabilize costs to keep City services as low as possible. A few of the areas under study and/or implementation include:

- [a] Continue work to address the Privatization Task Force recommendations to determine the most economical approach to service delivery, including contracting/privatization.

- [b] Implement total quality management techniques, including employee teams, to address work-related problems and provide more cost-effective program delivery.
- [c] Work with County government to identify opportunities for greater cooperation in coordinating and structuring organizations to provide public services/functions in a more efficient and cost-savings manner.
- [d] Continue efforts to actively pursue Federal/State assistance to improve downtown areas, housing, streets, public safety, environmental services, and cultural programs.
- [e] Initiate a study of the management and operations of the Fire service to determine future service delivery needs and identify operating efficiencies.
- [f] Conclude the Library branch operations study to identify more efficient means of service delivery prior to further branch library relocations.
- [g] Reorganize the City's housing services to focus on expanded efforts in home ownership, housing rehabilitation and public assistance for low/moderate income citizens.
- [h] Explore feasibility of automated parking citations and parking enforcement to reduce costs and improve detection of stolen and improperly registered or licensed vehicles.
- [i] Foster expanded volunteerism and involvement of citizens in environmental, public safety, and park and leisure services support.

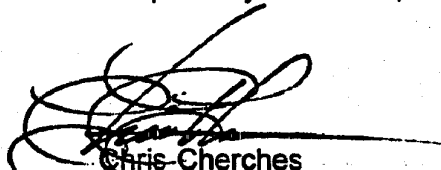
CONCLUSION

A number of budget goals and strategies were established to guide the formulation of the 1994/95 Budget. Some of these included:

- Address the community need to increase public safety services.
- Maintain and improve quality of other important services.
- Increase efficiency/economy in City services/operations.
- Explore alternative delivery of public services.
- Examine organizational structures/staffing.
- Maintain operating reserves.

The 1994/95 Budget addresses these goals/strategies, and continues to maintain the City's financial stability while addressing critical needs and essential services. The budget presents a balanced program of services and makes a rigorous effort to control costs while providing for quality programs and services important to the citizens of Wichita.

Respectfully submitted,


Chris Cherches
City Manager

ACKNOWLEDGEMENTS: Formulating and preparing a budget document is the result of countless hours of work by many individuals. Department Heads (and their Staffs) worked diligently and are commended for their efforts. The Budget Review Cabinet did an exemplary job in evaluating budget requests. Special thanks and appreciation are extended to the Finance Staff for their long hours and hard work: Ray Trail, Kelly Carpenter, Barbara Ciboski, Rob Raine, Bob Lancaster, Toni Johnston, Jeanne Hernandez, Kathy Pewewardy, Kirk Zoellner and Deana Sturd.

CITY OF WICHITA 1994/95 ANNUAL BUDGET

ALL FUNDS SUMMARY OF FINANCING SOURCES 1992 TO 1995 (Excluding Local Sales Tax Capital Improvement Fund and Enterprise Construction Funds)

SOURCES BY TYPE	1992 ACTUAL	1993 ADOPTED	1993 REVISED	1994 ADOPTED	1995 APPROVED
General property taxes	43,087,805	43,432,440	43,432,440	45,297,600	49,041,330
Motor vehicle tax	7,591,900	7,236,420	7,217,570	7,569,400	7,825,049
Local sales tax	14,381,910	14,351,000	14,280,500	14,280,500	14,566,000
Gas tax	10,844,582	10,984,000	11,106,510	11,308,160	11,308,160
Franchise fees	22,197,414	24,099,290	23,037,300	23,734,940	24,353,490
Water/Sewer utility fees	42,083,388	44,780,000	42,989,000	45,834,000	48,742,000
Other enterprise fees	16,199,323	19,491,000	19,456,488	19,695,990	20,288,960
Internal service revenues	25,056,532	24,357,080	24,761,913	26,091,754	28,041,104
Special assessments	23,850,543	24,138,140	24,657,020	25,417,670	26,571,670
Operating grants/shared revenue	8,889,425	9,378,020	9,326,370	9,398,360	9,493,640
Transient guest tax	2,996,493	2,885,770	2,996,500	3,026,460	3,102,120
Fines and penalties	3,106,673	4,723,000	3,780,400	4,514,400	4,755,400
Licenses and permits	4,482,503	3,856,960	3,728,380	3,809,060	3,856,660
Interest earnings	5,564,552	6,134,560	4,465,880	5,260,140	5,233,290
Charges for services and sales	6,927,096	6,899,450	7,381,970	7,382,580	7,394,680
Rental income	2,023,752	2,097,110	2,042,810	1,592,000	1,774,670
Administrative charges	1,816,742	2,373,860	2,361,250	2,405,840	2,464,330
Other revenues and transfers in	6,523,088	7,856,050	16,489,987	17,933,730	20,068,680
Appropriated surplus	1,156,438	5,766,665	5,865,850	1,537,456	287,880
Grand total sources	248,780,159	264,840,815	269,378,138	276,090,040	289,169,113
Interfund transactions	(30,515,418)	(34,104,700)	(37,747,768)	(38,359,070)	(38,637,143)
Net financing sources	218,264,741	230,736,115	231,630,370	237,730,970	250,531,970

The 1993 adopted budget presented above is different from earlier presentations because of the adoption November 17, 1992, of the Storm Water Utility budget as a separate enterprise fund.

CITY OF WICHITA 1994/95 ANNUAL BUDGET

ALL FUNDS SUMMARY OF EXPENDITURES BY ACCOUNT CATEGORY 1992 TO 1995 (Excluding Local Sales Tax Capital Improvement Fund and Enterprise Construction Funds)

ACCOUNT CATEGORY	1992 ACTUAL	1993 ADOPTED	1993 REVISED	1994 ADOPTED	1993 APPROVED
Personal services	96,944,971	103,367,100	102,976,500	105,194,160	106,720,820
Contractual services	52,252,262	55,956,790	56,025,700	58,177,700	59,632,150
Commodities	11,548,421	12,958,750	12,718,930	13,028,540	13,261,460
Capital outlay	9,118,885	6,814,740	7,239,300	6,926,730	6,054,320
Other (incl. debt service and transfers)	71,360,051	77,417,350	82,564,970	85,542,770	94,978,110
Gross expenditures	241,224,590	256,514,730	261,525,400	268,869,900	280,646,860
Interfund transactions	(31,616,376)	(39,621,180)	(38,004,500)	(40,539,000)	(40,792,160)
Net annual budget uses	209,608,214	216,893,550	223,520,900	228,330,900	239,854,700

CITY OF WICHITA 1994/95 ANNUAL BUDGET

ALL FUNDS SUMMARY OF EXPENDITURES 1992 TO 1995 (Excluding Local Sales Tax Capital Improvement Fund and Enterprise Construction Funds)

EXPENDITURES BY FUND	1992 ACTUAL	1993 ADOPTED	1993 REVISED	1994 ADOPTED	1995 APPROVED
Tax levy funds:					
General Fund	104,221,775	111,566,520	111,377,390	113,292,680	115,413,560
Debt Service	42,889,422	43,711,900	51,892,840	52,119,350	59,028,620
Total tax levy funds	147,111,197	155,278,420	163,270,230	165,412,030	174,442,180
Special revenue funds:					
Tourism and Convention	3,104,939	3,182,870	3,144,030	3,210,950	3,146,540
Special Alcohol Programs	738,395	1,049,090	940,780	964,130	909,670
Special Parks and Recreation	704,790	872,280	872,280	875,770	861,820
Landfill	1,156,832	1,193,100	1,521,670	1,887,650	1,622,870
Central Inspection	3,295,327	3,394,350	3,302,040	3,434,220	3,423,600
Total special revenue funds	9,000,283	9,691,690	9,780,800	10,372,720	9,964,500
Enterprise funds:					
Airport	13,230,193	9,875,130	11,929,560	11,633,710	11,965,650
Golf	1,619,438	1,902,140	1,858,240	1,939,940	1,962,140
Metropolitan Transit	5,067,200	5,339,420	5,329,650	5,372,780	5,661,520
Sewer	16,649,325	19,478,340	16,762,570	17,346,060	18,313,430
Water	25,135,038	24,419,640	23,455,130	24,620,300	25,538,040
Storm Water	0	4,465,000	2,370,690	4,534,530	5,658,830
Total enterprise funds	61,701,194	65,479,670	61,705,840	65,447,320	69,099,610
Internal service funds:					
Data Center	2,493,254	2,734,440	3,373,070	2,515,410	1,563,270
Fleet	7,449,099	6,856,760	6,856,760	6,958,430	6,972,850
Self-Insurance	12,144,784	15,503,870	15,577,840	17,192,420	17,621,360
Telecommunications	317,710	258,470	293,270	280,520	281,520
Stationery Stores	1,007,059	711,410	667,590	691,050	701,570
Total internal service funds	23,411,916	26,064,950	26,768,530	27,637,830	27,140,570
Gross expenditures	241,224,590	256,514,730	261,525,400	268,869,900	280,646,860
Interfund transactions	(31,616,376)	(39,621,180)	(38,004,500)	(40,539,000)	(40,792,160)
Net annual budget uses	209,608,214	216,893,550	223,520,900	228,330,900	239,854,700

The 1993 adopted budget presented above is different from earlier presentations because of the adoption November 17, 1992, of the Storm Water Utility budget as a separate enterprise fund.

NOTES

**GENERAL FUND OVERVIEW 1992 TO 1998
ASSUMPTIONS AND PROJECTIONS**